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February 1, 2004, Sunday

## REAL ESTATE DESK

# In the Region/Long Island; Builders Advance Plan to Create Affordable Housing

By CAROLE PAQUETTE

DEVELOPERS would be allowed higher housing densities in return for inclusion of some homes affordable to buyers with incomes below the region's median under a plan being advocated by Long Island builders. Their proposals, in a 13-page report being circulated by the Long Island Builders Institute, also include areas zoned for housing for entry-level workers, first-time home buyers and the elderly that would have a mix of studio and one-bedroom apartments.

"We're not talking about paving over Long Island," said Robert Wieboldt, executive vice president of the 650-member Islandia-based trade organization. "Affordable housing can be done attractively, clustered on smaller parcels of land that use fewer roads and provide more open space.

"If we can get the density, we can get the affordable housing," he said. "If we don't do it, it leaves us with just building luxury houses. Some towns are upzoning from one to two acres; some have five-acre zoning. This uses the land up twice as fast, and the houses are affordable only for those building million dollar houses." This places tight restrictions on the number of homes that builders are currently allowed to build.

The solution, according to the builders' plan, is for municipalities to permit a developer to increase the density of a parcel in return for setting aside a percentage of the homes at prices that would be affordable for families whose income is below the region's median; establish special "work force-senior zoning districts" with a mix of one-bedroom and studio apartments; provide property tax abatements for first-time home buyers; and redevelop strip shopping centers with multiunit housing that in some cases could be four stories high, as allowed by the new state building code.

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The proposal, "Homebuilders' Blueprint for Producing More Reasonably Priced Homes," would apply only to developments with housing units selling for less than \$500,000.

The builders' plan will be publicized through a campaign costing more than \$300,000 to be presented to municipalities and community groups, Mr. Wieboldt said.

The builders will also be lobbying state officials to pass legislation introduced by Assemblyman Thomas DiNapoli, a Democrat from Great Neck, and Senator Michael A. L. Balboni, a Republican from East Williston. This measure would require municipalities to create ordinances to provide developers of projects of five units or more with extra density in exchange for selling a minimum of 10 percent affordable homes.

Jim Morgo, president of the Hauppauge-based Long Island Housing Partnership, a nonprofit group that builds and promotes affordable housing, said: "Including a percentage of a development for people otherwise unable to buy a home works all over the country and is already being done in Huntington and Islip.

"By creating more density, you incentivize the builders to build affordable housing. We will be seeing more of this in the future now that the builders are in on this wave because we're losing our young people to the high cost of houses."

ACCORDING to Thomas Datre, an owner of Datre Custom Builders in Ronkonkoma, the changes proposed would not be a windfall for builders. "The money is relative to the investment, and it equals out," he said.

For example, the proposal notes, a 3,000-square-foot house on a one-acre parcel acquired for \$150,000 would typically cost \$600,000. But if four 2,300-square-foot units were built on that acre, the homes would be priced at \$160,000 each and yield a similar profit.

Currently, there are more than 250,000 people paying more than 30 percent of their gross income to live on Long Island, Mr. Morgo said. According to federal guidelines, homeowners or renters should not pay more than 35 percent of their income for housing.

In the past five years, Long Island housing prices have risen 81 percent while household incomes have risen only 14 percent, said Pearl Kamer, chief economist for the Long Island Association, a Commack-based business group.

In November, Long Island's civilian labor force totaled 1.5 million

people, with a median income of \$66,400 for a family of two and \$83,000 for a family of four.

In December, the median selling price for a house in Nassau was \$400,000, a 12 percent increase over last year at the same time. In Suffolk the price was \$325,000, a 16 percent increase, Dr. Kamer said.

A family buying a median-priced home in Nassau with taxes of about \$8,000 would need an annual income of almost \$97,000 to avoid paying more than 35 percent of income. (This assumes a down payment of 10 percent and a 30-year mortgage charging an interest rate of 6 percent.)

While the builders say they are expecting some resistance to their plan, including from school districts that are near capacity, at least one superintendent said he would be attracted to the plan if it contained the elements of "smart growth," the community-planning movement that is geared to retaining open space while allowing for population growth.

Richard Hawkins, superintendent of the William Floyd School District -- which covers the communities of Mastic Beach, Shirley and Moriches, and has a total enrollment of 11,000 students -- said he had not seen the builders' proposal, but is a proponent of smart growth.

"Typically from a school district's perspective, if anyone is planning high density with school children it would react negatively and certainly would not approve tax abatements," he said. "But it would be encouraging to districts if the developers are adhering to smart growth principles of interspersing mixed use so there wouldn't be a deficit in terms of a tax base from the residential side."

According to Mr. Wieboldt, the builders will be asking for state assistance for heavily impacted school districts, which have additional costs associated with the production of affordable homes.

RESISTANCE could also come from some of Long Island's 95 incorporated villages; many restrict one house to a lot of more than one acre.

In other villages, like Patchogue, a 2.3-square-mile area with about 11,000 residents, there is not enough land left for new housing, said Val Biscardi, executive director of Patchogue's community development agency. While the village cannot participate "on a grand scale such as that proposed by the builders, we do what we can for such a small area," she said.

Over the last four years, the village has renovated four homes and sold them at below market prices to first-time home buyers and those with low incomes, she said. The houses, which had been taken by Suffolk for back taxes, were sold to the village for less than \$1,000 each.

Farther west in Melville, the Babylon-based McGovern-Barbash Associates has begun construction on Villages West, a 258-unit development where 60 units are limited to first-time home buyers whose total family income is less than \$66,400.

The project is to have single-family houses, attached four-unit town houses and semidetached units. The affordable units, which will be sold through a lottery, will be scattered throughout the community. They are to sell for \$140,000; similar units would sell at a market rate of \$335,000 to \$360,000.

A similar development, the 248-unit Villages at Huntington, also with 60 affordable units, was built five years ago by Barbash Associates.

"I think that is a formula that works," said Susan Barbash, an owner. "I admit there are some people who won't buy into a development if it has an affordable component, but that's a small percentage." For example, she said, "Some of the homes at the Villages at Huntington started at \$300,000 and are now reselling at \$800,000."

Lawmakers, too, say they have begun seriously addressing the affordable housing issue. In January, Suffolk's new county executive, Steve Levy, a Democrat from Holbrook, said in his inaugural address that he would be establishing a commission on affordable housing that would include builders and local officials.

"We want to identify predeveloped buildings that could be rejuvenated into affordable housing," Mr. Levy said in a telephone interview. "The county would purchase the property, then flip it back to the developer. We would get agreements from the town for preapproval for housing plans, then strike an agreement with the developer on the property once they have their permits. For example, if a developer proposes to cluster a development with 25 percent used for affordable housing, then the developer will know he has an investment."

United States Representative Steve Israel, a Democrat from Huntington, said he would be introducing a bill in February that would provide federal financing to "defense oriented" communities to help provide affordable housing for their work forces.

The new legislation would target those communities where there

are companies receiving production contracts worth at least \$5 million from the Department of Defense or the Department of Homeland Security, Mr. Israel said. There are a number of communities on Long Island, including Bethpage and Deer Park, with military contractors.

"The average defense worker on Long Island can make \$70,000 a year, but that doesn't qualify you for a home on Long Island," Mr. Israel said.

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